



GERMANY

1. General

a. The specific terms setting the framework for Local National (LN) employment in Germany are prescribed in Article 56 of the "Agreement to Supplement the Agreement between the Parties to the North Atlantic Treaty regarding the Status of their Forces with respect to Foreign Forces stationed in the Federal Republic of Germany" (commonly referred to as the Supplementary Agreement [SA]). The current version of the SA was last amended on 29 March 1998. Article 56 of the SA establishes that "German labor law, including industrial safety law, as applicable to civilian employees working with the German Armed Forces, with the exception of decrees regulating working conditions, shop agreements and tariff regulations, shall apply to employment of civilian labor with a force or a civilian component".

b. LN employment, to the extent it is not governed by the SA, is governed by the German Constitution and by German labor laws.

c. Specific conditions of employment and rates of pay are established in labor agreements negotiated between the Federal Republic of Germany (FRG) represented by the Federal Ministry of Finance (FMF) and competent (those with official standing) German trade unions. The terms of these labor agreements are based on conditions prevailing in the FRG for comparable work and in comparable industries. The U.S. Forces, together with the other Sending States Forces, participate in the tariff negotiations in order to protect U.S. Forces interests, coordinate a negotiating position, and to facilitate final agreement. Labor agreements applicable to employees of the U.S. Forces in FRG are:

(1) Collective Tariff Agreement of 16 December 1966 (CTA II)

The CTA II establishes pay and conditions of employment exceeding those established by law and consists of four major parts and 17 appendices.

(2) Tariff Agreement on Protection from Rationalization Measures, Termination of Employment, and Income Protection (Protection Agreement) of July 2, 1997

(a) This agreement applies to all employees with a minimum of two years of service, who have attained age 21 and are employed on an indefinite basis. It also applies to employees who are employed on a temporary basis, if such employment immediately follows an indefinite appointment with the Sending States Forces and was terminated by the employing agency or by annulment contract for reasons listed in (1) and (2) below.

(1) Benefits are provided to employees who, by initiation of the stationing forces, lose their current positions (also by displacement resulting from a social selection process) because of an organizational measure, or if the value of their positions decrease for these reasons.

(2) Organizational measures are:

- Deactivation of the employing organization
- Merger of the employing organization with one or several other employing organizations of the same sending state
- Relocation of the employing organization outside the commuting area
- Reorganization of the employing organization.

(b) The agreement delineates placement rights of the affected employees, income protection rights, release for vocational training measures, and protection from termination of employment. It also specifies the personal supplements which are to be paid to employees covered by this agreement.

(3) Tariff Agreement for the Social Security of the Employees of the Sending States Forces in the Federal Republic of Germany, 31 August 1971 (SSA)

(a) This tariff agreement applies to employees who fall under the scope of the CTA II and are separated due to reduction of troop strength or, where for military reasons and on direction of the highest service authority, a unit is deactivated or relocated outside the commuting area. Costs are fully borne by the government of the FRG.

The minimum requirements for eligibility upon separation are:

- one year of full time employment,
- completion of a minimum of five years of creditable service and a minimum age of 40,
- have had permanent residence within the geographical scope of the CTA II for at least five years,
- not be eligible for receipt of retirement or early retirement pension,
- not have rejected a reasonable job offer.

(b) The age and length of service of the former employee dictate the period for which support payments, made to bridge the gap between unemployment compensation or lower income from employment outside the Stationing Forces, are made.

(4) Employer Pension Scheme

(a) Group Life Insurance

(1) The U.S. Forces conclude a life insurance contract for newly hired employees and contribute 2.5% of employees' monthly earnings to the insurance carriers.

- The insurance is paid solely by the employer with no cost to the employees. The contributions are taxable and subject to

social insurance contributions for those employees hired after 31 December 2004.

- Death benefits double in case of an accident.
 - The insurance is paid out in one lump sum at age 65.
- (2) An employee who terminates employment prior to reaching age 65, has the option of continuing to pay the insurance, receiving a lump sum payment or letting the insurance policy rest until retirement age is reached.
- (3) Group Life Insurance payments are not made to employees who terminate their employment before having been employed with the U.S. Forces for five full years.

(b) Statutory Pension Insurance

Employees, who are obligated to contribute to the statutory pension insurance must, by law, be given the opportunity to conclude a supplemental retirement insurance contract with a Germany Government licensed insurance carrier. The U.S. Forces have implemented this legal obligation by giving employees the opportunity to contribute to a pension fund (Pensionskasse).

d. Regulations or other command publications establish the policy, administrative and program instructions, and procedures pertaining to implementation of tariff agreements and law; overtariff conditions; responsibilities and functions in LN personnel management and administration; and matters agreed on with the Government of the FRG regarding personnel functions of FRG authorities.

e. The German Government provides payroll functions based on information provided by the U.S. Forces IAW Article 56, paragraph (10), SA, and the "Administrative Agreement Implementing Article 56, paragraph (10) of the Agreement to Supplement the Agreement between the Parties of the North Atlantic Treaty Regarding the Status of their Forces with Respect to Foreign Forces Stationed in the Federal Republic of Germany, dated 3 August 1959". This includes processing of travel vouchers and moving expense vouchers as well as collection of overpayments. Personnel records are kept to the extent necessary for pay purposes. An administrative service fee, paid by the U.S. Forces for payroll functions, ranges between 0.5% and 0.6% of total annual payroll sum.

f. Strikes by LN employees are allowed under the same conditions as found in the private sector.

2. Employment Conditions

a. Regular Work Hours

The majority of employees have a regular workweek of 38.5 hours. Employees in printing plants (Appendix G, CTA II) have a workweek of 35 hours and those in accommodation and catering establishments (Appendix H,

CTA II) have a workweek of 39 hours.

b. Probationary Period The probationary period for all employees is three months (Article 5, CTA II).

c. Separation Notice Period (1) During the probationary period, notice of termination may be given by either party with a notice period of two weeks to the end of the calendar month.

(2) Notice periods for an ordinary notice of termination by the employing agency range from four weeks to the end of a calendar month for employees with less than six months' employment to seven months to the end of a calendar month for employees with at least 20 years of employment (Article 44, CTA II).

(3) Employees may terminate their employment by observing a notice period of four weeks to the end of a calendar month.

3. Pay Entitlements

a. Regular Earnings Employees are paid salaries and wages on the last day of each calendar month. Individual pay scales for the different employee categories are contained in the CTA II.

b. Bonuses, Pay Supplements and Allowances

- (1) Christmas Bonus** 6.33% of annual earnings are paid with the November pay to employees who on October 31 of any given year have been employed with the Stationing Forces of the same Sending State for a minimum period of six months (CTA II, Appendix W).
- (2) Vacation Bonus** 2% of annual earnings are paid with the pay for May to employees who on May 1 of any given year have been employed with the Stationing Forces of the same Sending State for a minimum period of 12 months (CTA II, Appendix V).
- (3) Property Accrual** An amount of € 26.59 per month is paid into a special account set up by the employee. Apprentices are paid € 13.29 (CTA II, Article 41).
- (4) Overtime Pay** Overtime hours worked will be paid by the hourly basic compensation plus an overtime supplement in the amount of 25% (first five hours) or 30% (from 6th hour on) of the hourly rate (CTA II, Articles 10 and 20).
- (5) Night Work** A supplement in the amount of 25% of the hourly

rate is paid to employees who are required to work between 2100 and 0600 hours (CTA II, Articles 11 and 20).

- (6) Sunday Work** Subject to the conditions set forth in articles 12 and 20, CTA II, a pay supplement of 25% of the hourly rate is paid if time off is subsequently granted on a weekday and 50% of the hourly rate if time off cannot be granted (CTA II, Articles 12 and 20).
- (7) Holiday Work** Subject to the conditions set forth in articles 13 and 20, CTA II, the pay supplement for work performed on a legal German holiday is 50% of the hourly rate if time off is subsequently granted on a weekday and 100% if time off cannot be granted (CTA II, Articles 13 and 20).
- (8) On-call Duty** Employees may be scheduled for on-call duty to perform emergency services or other unexpected urgent work that cannot be postponed to regular work hours. Rates paid for each 12 hour on-call duty period depend on salary and wage groups and are either € 10.23 or € 12.27 for duty on weekdays or € 14.32 or € 16.87 for duty on Saturdays, Sundays and German holidays (USAREUR Regulation 690-69).
- (9) Clothing Allowance** Normally, employees who require protective clothing receive an issue free of charge in accordance with AR 385-10, when they are exposed to health hazardous or severe working conditions. If occupational clothing cannot be provided, employees are paid an occupational clothing allowance consisting of the initial allowance, a replacement allowance and a maintenance allowance (USAREUR Regulation 690-69).
- (10) Severity Allowance** Will be paid for each work hour during which employees are subjected to severe working conditions. These conditions and the percentage of payment are outlined in CTA II, Appendix S.
- (11) Relocation Costs** Are paid when an employee is involuntarily transferred outside his/her commuting area because of a reduction in force (RIF) or in lieu of a RIF and may (in specific situations) be paid if an employee is appointed from outside the commuting area. The affected employee is entitled to receive separation allowance, rental subsidy, moving expenses and incidental costs in accordance with the provisions of Army in Europe Regulation 690-68. Allowances are not approved when the transfer is for personal reasons of the employee.

4. Benefits and Allowances

a. Old age pension Insurance

Contributions are borne in equal parts by the employer and employee. Total contribution amounts to 19.5% of basic compensation up to the 2006 monthly assessment limit of € 5,250.

b. Health Insurance

The average total contributions amount to 14.4% of basic compensation up to the 2006 monthly assessment limit of € 3,562.50. Up to June 2005 contributions were borne in equal parts by the employer and employee. Effective July 2005 contributions, divided between employer and employees, were reduced by 0.9% with the reduction being added to the employee contribution.

Example:

Average total contribution	14.4%
minus reduction	- 0.9%
	13.5%

Employer contribution:	
13.5% divided by 2	6.75%

Employee contribution:	
13.5% divided by 2 plus 0.9%	7.65%

c. Nursing care Insurance

Total contribution amounts to 1.7% of basic compensation up to the 2006 assessment limit of € 3,562.50. Contributions are borne in equal parts by the employer and employee however, since January 2005 employees aged 24 and above who have no children pay an additional 0.25%.

d. Unemployment Insurance

Contributions are borne in equal parts by the employer and employee. Total contribution amounts to 6.5% of basic compensation up to the 2006 monthly assessment limit of € 5,250.

e. Death Benefits

Following an employee's death, the beneficiaries receive a death benefit in the amount of two monthly salaries. This sum is increased to three monthly salaries if the death was caused by a job-connected accident (CTA II, Article 38).

5. Leave Entitlements

a. Annual Leave

30 workdays per year for all employees with a five day workweek (CTA II, Article 33). Severely handicapped employees receive an additional six days leave per year (CTA II, Article 34).

b. Excused Absence

Upon request and production of evidence, employees will be given between one and three days off. Specific cases and the number of days for which excused absence is granted are listed in CTA II, Article 28. Situations for which excused absence is granted are: death in the immediate family, own marriage, serious illness of a family member, and performance of general civic duties under German law (CTA II, Article 28).

c. Sick Absence and Benefits

Employees are entitled to continued payment of earnings for a period of up to six weeks for absences due to unfitness for duty. Subsequent to the six weeks of continued payment of earnings, employees with a creditable period of employment of at least one year are entitled to receive a sick supplement amounting to the difference between the sickness benefit paid by the health insurance carrier and the employee's regular salary for a period of up to 12 weeks per calendar year (CTA II, Article 29).

d. Leave for Maternity Reasons

Employees do not work six weeks before and eight weeks after the birth of the baby. Salary is not earned during this time, the employee is paid by the health insurance carrier.

e. Parental Leave

Following the birth of the baby, unpaid parental leave of up to three years may be taken by either or both parents. If both parents take parental leave, the three-year period is divided between them. One 12-month portion of parental leave may, upon approval by the employer, be used up until the time the child is eight years of age.

6. Legal Holidays

The number of legal holidays ranges from 10 to 13, depending on the individual state. No extra day off is given when a legal holiday falls on a non-workday.

7. Indemnity Pay

In accordance with the Tariff Agreement on Protection from Rationalization Measures, Termination of Employment, and Income Protection (Protection Agreement) of July 2, 1997, employees who are terminated for reasons outlined in paragraph 1.c.2 above receive an indemnity of 1/3 month salary for each full year of employment with a maximum of seven months' pay. Employees who met the criteria of paragraph 1.c.3 (SSA) above, have been employed for at least 10 years and are aged 40 or above, receive two months pay.

There are two types of Annulment Contract programs available to eligible LN Employees in Germany; the Annulment Contract Open Season for LN Employees in Germany and the Enhanced Indemnity Pay for Employees Eligible for Early Retirement programs:

a. *The Annulment Contract Open Season* for LN Employees in Germany program is one which grants enhanced indemnities to employees whose positions have been abolished (overhires) or will be abolished as a result of reduction in force (RIF) actions. Employees vacating a position for placement of the aforementioned employees will also be eligible for an annulment contract during the open season period. The annulment contract open season conditions are as follow:

(1) For employees not entitled to benefits under the SSA or waiving their SSA entitlements:

- One month's pay per creditable year of service for the first ten years, plus
- one half month's pay per creditable year of service starting with the eleventh year up to a maximum of 5 month's pay, plus
- 50% of salary savings if the individual notice period is waived.

Maximum indemnity pay for employees observing their individual notice period will be 15 months' pay. For employees leaving earlier the maximum indemnity pay will amount to 18.5 months' pay.

(2) For employees taking advantage of SSA benefits:

- Two months' pay in accordance with the Protection Agreement, plus
- an additional 8 months' pay, plus
- 50% of salary savings if individual notice period is waived.

Maximum indemnity pay for employees observing their individual notice period will be 10 months' pay. For employees leaving earlier the maximum indemnity pay will amount to 13.5 months' pay.

b. *The Enhanced Indemnity Pay for Employees Eligible for Early Retirement program* offers additional incentives to employees who are eligible for early retirement and wish to leave employment earlier. LN employees whose positions have been abolished or will be abolished as a result of RIF actions are eligible for this option. In addition, employees who vacate positions

for placement of employees who are facing RIF will also be eligible. The following categories of LN employees are eligible to exercise this option for voluntary early retirement:

(1) Employees aged 60 and above with a recognized severely handicapped status, provided they have served the legal waiting period for retirement eligibility of 35 years.

(2) Female employees aged 60 and above, provided they have made social contributions for a minimum of 10 years after age 40, and have served a 15-year waiting period.

(3) Male employees aged 63 and above, provided they have served the legal waiting period of 35 years.

c. With the exception of employees who attained severely handicapped status on or before 16 November 2000, employees who retire voluntarily before the mandatory retirement age of 65 will incur a pension reduction of 0.3% per month with a maximum deduction of 18% for retirement at age 60. Employees who attained severely handicapped status after 16 November 2000 are eligible for regular retirement at age 63. These employees will incur a pension reduction of 0.3% per month with a maximum deduction of 10.8% for retirement at age 60. Furthermore, the net pay from the Group Life Insurance will be lower because the employer will no longer pay premiums after the employee's retirement. This program is designed to encourage eligible employees to consider voluntary early retirement by granting lump sum compensations for the mandatory pension reduction and the loss of premiums paid to the Group Life Insurance. This option also includes the indemnity package outlined in 7a.

Average indemnity pay paid during Fiscal Year 2005 was € 50,832.